

**NISHOKU TECHNOLOGY INC.
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 and 2021
(With Independent Auditors' Review Report Thereon)

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The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Nishoku Technology Inc.:

Introduction

We have reviewed the consolidated financial statements of Nishoku Technology Inc. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of March 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021. Management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued by the Financial Supervisory Commission of the Republic of China. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

Scope of Review

Except as described in basis of opinion, we conducted our reviews in accordance with Statement on Auditing Standard 65, "Engagements to Review Financial Statements". A review consists principally of inquiries of the Group's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

Basis of opinion

Included in the accompanying consolidated interim financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had total assets of \$132,326 thousand and \$176,891 thousand both constituting 1% and 2% of the Group's consolidated total assets as of March 31, 2022 and 2021, respectively; total liabilities of \$22,194 thousand and \$67,446 thousand both constituting 0% and 2% of the Group's consolidated total liabilities as of March 31, 2022 and 2021, respectively; comprehensive income of \$3,743 thousand and \$19 thousand constituting 2% and 0% of the Group's consolidated comprehensive income for the three months ended March 31, 2022 and 2021, respectively.

Conclusion

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of some equity method investees as described in basis of opinion above been reviewed by independent accountants, we are not aware of any material modifications that should be made

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' review report and consolidated financial statements, the Chinese version shall prevail.

to the consolidated interim financial statements referred to in the first paragraph in order for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “ Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditor’s report are Cheng-Chien Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)

Apr.28, 2022

Notes to Readers

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Reviewed only, not audited in accordance with generally accepted auditing standards
NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		<u>For the three months ended March 31</u>			
		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	Operation Revenues (note 6(q))	\$ 956,118	102	1,427,349	102
4170	Less: Sales returns and allowance	17,126	2	23,058	2
	Net Operating revenues	938,992	100	1,404,291	100
5000	Operating costs (notes 6(d), (f),(g),(l) and 12)	713,756	76	973,193	69
	Gross profit from operations	225,236	24	431,098	31
6000	Operating expenses: (notes 6(c), (f), (g), (l) ,(o) ,(r) and 12)				
6100	Selling expenses	14,769	2	18,464	1
6200	Administrative expenses	72,528	8	77,967	6
6300	Research and development expenses	22,467	2	25,106	2
6450	Expected Credit Loss	(124)	-	(14)	-
		109,640	12	121,523	9
	Net operating income (loss)	115,596	12	309,575	22
	Non-operating income and expenses:				
7010	Other income (notes 6(s))	5,347	1	12,780	1
7020	Other gains and losses, net (notes 6(t))	76,679	8	26,534	2
7050	Finance costs, net (notes 6(k))	(6,330)	(1)	(5,078)	-
	Total non-operating income and expenses	75,696	8	34,236	3
7900	Profit from continuing operations before tax	191,292	20	343,811	25
7950	Less: Tax expense (note 6(m))	48,344	5	125,932	9
	Profit (loss)	142,948	15	217,879	16
8300	Other comprehensive income (loss):				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	177,320	19	(34,275)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	(35,464)	(4)	6,855	-
8300	Other comprehensive income, net	141,856	15	(27,420)	(2)
8500	Total comprehensive income	\$ 284,804	30	190,459	14
	Profit, attributable to:				
8610	Profit attributable to owners of parent	\$ 142,948	15	217,879	16
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 284,804	30	190,459	14
	Basic earnings per share				
9750	Basic earnings per share (NT dollars) (note 6(p))	\$ 2.28		3.49	
9850	Diluted earnings per share (NT dollars) (note 6(p))	\$ 2.27		3.48	

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Total equity attributable to owners of parent	Total equity
	Share capital		Retained earnings			Total other equity interest			
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements		
Balance at January 1, 2021	\$ 624,462	2,993	968,882	538,129	337,817	2,295,422	(310,459)	4,457,246	4,457,246
Profit for the period	-	-	-	-	-	217,879	-	217,879	217,879
Other comprehensive income	-	-	-	-	-	-	(27,420)	(27,420)	(27,420)
Total comprehensive income (loss)	-	-	-	-	-	217,879	(27,420)	190,459	190,459
Stock option compensation cost	-	-	183	-	-	-	-	183	183
Issuance of shares exercise of employee stock option	450	1,662	2,543	-	-	-	-	4,655	4,655
Balance at March 31, 2021	\$ 624,912	4,655	971,608	538,129	337,817	2,513,301	(337,879)	4,652,543	4,652,543
Balance at January 1, 2022	\$ 626,712	-	981,485	610,265	310,459	2,231,720	(344,942)	4,415,699	4,415,699
Profit for the period	-	-	-	-	-	142,948	-	142,948	142,948
Other comprehensive income	-	-	-	-	-	-	141,856	141,856	141,856
Total comprehensive income (loss)	-	-	-	-	-	142,948	141,856	284,804	284,804
Issuance of shares exercise of employee stock option	-	308	-	-	-	-	-	308	308
Balance at March 31, 2022	\$ 626,712	308	981,485	610,265	310,459	2,374,668	(203,086)	4,700,811	4,700,811

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES
Consolidated Statements of Cash Flows

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 191,292	343,811
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	57,469	63,082
Expected credit loss(gain)	(124)	(14)
Interest expense	6,330	5,078
Interest income	(4,798)	(6,022)
Stock option compensation cost	-	183
Net loss on financial assets at fair value through profit or loss	9,304	1,939
Gain on disposal of property, plant and equipment	43	(4,966)
Recognition losses on inventory valuation and obsolescence	3,909	15,731
	<u>72,133</u>	<u>75,011</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(362,885)	9,334
Notes and accounts receivable	159,442	237,988
Inventories	(52,370)	(23,399)
Other current assets and other financial assets	(18,078)	(2,490)
Total changes in operating assets	<u>(273,891)</u>	<u>221,433</u>
Changes in operating liabilities:		
Notes and accounts payable	(41,496)	(25,164)
Other current liabilities	(31,123)	(61,530)
Total changes in operating liabilities	<u>(72,619)</u>	<u>(86,694)</u>
Total adjustments	<u>(274,377)</u>	<u>209,750</u>
Cash inflow generated from operations	(83,085)	553,561
Interest received	4,929	5,983
Interest paid	(6,168)	(4,913)
Income taxes paid	(19,423)	(46,550)
Net cash flows from operating activities	<u>(103,747)</u>	<u>508,081</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(31,095)	(4,471)
Proceeds from disposal of financial assets at amortized cost	26,735	-
Acquisition of financial assets at fair value through profit or loss	(13,820)	-
Acquisition of property, plant and equipment	(44,216)	(57,868)
Proceeds from disposal of property, plant and equipment	534	14,850
Increase Refundable deposits	658	(1,756)
Increase in other non-current assets	(505)	(23)
Net cash flows used in investing activities	<u>(61,709)</u>	<u>(49,268)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	45,990	(209,780)
Increase (decrease) in short-term notes and bills payable	(50,000)	150,000
Increase in long-term debt	-	50,000
Increase (decrease) in guarantee deposits received	130	(116)
Payment of lease liabilities	(7,972)	(10,439)
Exercise of employee share options	308	4,655
Net cash flows used in financing activities	<u>(11,544)</u>	<u>(15,680)</u>
Effect of exchange rate changes on cash and cash equivalents	135,007	(19,322)
Net Increase (decrease) in cash and cash equivalents	(41,993)	423,811
Cash and cash equivalents at beginning of period	3,999,433	2,626,650
Cash and cash equivalents at end of period	<u>\$ 3,957,440</u>	<u>3,050,461</u>

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

NISHOKU TECHNOLOGY INC. (the “Company”) was incorporated in year 1980, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company conducted an IPO on the Taiwan Stock Exchange (TWSE) on October 5, 2011. The Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) primarily are involved in the manufacture and sale of plastic injection mold, tooling manufacturing and general import and export trade, please refer to note 14.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated interim financial statements were authorized for issuance by the board of directors on April 28, 2022

(3) New standards, amendments and interpretations adopted:

a. The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

b. The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies:

a. Statement of compliance

The consolidated interim financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated interim financial statements, the Chinese version shall prevail.

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

b. Basis of consolidation

Principles of preparation of the consolidated interim financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2021. The financial statements of insignificant consolidated subsidiaries, NISHOKU BOUEKI were not reviewed by independent accountants, and the financial statements of insignificant consolidated subsidiaries, SAME SRART (Anguilla), were reviewed by independent accountants for the three months ended March 31, 2022..

c. Income Tax

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated interim financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounts:

In addition to the following, there is no significant difference between the notes on the significant accounting items of the consolidated interim financial statements and the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2021.

(a) Cash and cash Equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Cash, and demand deposits	\$ 1,419,895	2,497,999	1,930,738
Time deposits	2,408,732	920,154	777,303
Bond acquired under repurchase agreement	128,813	581,280	342,420
Cash and cash equivalents in the consolidated statement of cash flows	\$ 3,957,440	3,999,433	3,050,461

(b) Financial assets at fair value through profit or loss

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets at fair value through profit or loss			
Fund investments	\$ 38,115	38,861	48,549
Fixed income financial instruments	428,030	65,145	608,024
Total	\$ 466,145	104,006	656,573
Fund investments non current	\$ 202,682	197,419	124,335

(i) Please refer to note 6(e) for fund investments-non-current.

(ii) Please refer to note 6(u) for credit risk and market risk.

(iii) As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group did not provide any financial assets as collateral for its loans.

(c) Notes and accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 33,413	2,823	\$ 1,247
Accounts receivable	1,159,864	1,349,896	1,578,546
Less : allowance for impairment	-	(124)	(515)
	\$ 1,193,277	1,362,595	1,579,278

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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The Group measures the loss allowance for notes and accounts receivable using the simplified approach with the lifetime expected credit losses. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporate forward-looking information.

Analysis of expected credit losses were as follows:

	March 31, 2022		
	Carrying amount of accounts receivable	Weighted-avera ge loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 1,125,250	-%	-
Past due less than 120 days	34,614	0%~1%	-
Total	\$ 1,159,864		-

	December 31, 2021		
	Carrying amount of accounts receivable	Weighted-avera ge loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 1,334,126	-%	-
Past due less than 120 days	15,657	0%~1%	11
Past due 121~270 days	113	0%~100%	113
Total	\$ 1,349,896		124

	March 31, 2021		
	Carrying amount of accounts receivable	Weighted-avera ge loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 1,558,836	-%	-
Past due less than 120 days	19,192	0%~1%	-
Past due 121~270 days	9	0%~30%	6
Past due 271~365 days	6	0%~100%	6
Past due over 1 year	503	100%	503
Total	\$ 1,578,546		515

The movement in the allowance for notes and accounts receivables were as follows:

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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	Three months ended March 31,	
	2022	2021
Beginning balance	\$ 124	529
Impairment loss (reversal)	(124)	(14)
Ending balance	\$ -	515

(d) Inventories

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	\$165,431	196,059	197,320
Work in process	262,100	197,865	261,098
Finished goods	140,800	125,947	72,324
	\$ 568,331	519,871	530,7427

For the three months ended March 31, 2022 and 2021, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to \$713,756 thousand and \$973,193 thousand, respectively. For the three months ended March 31, 2022 and 2021, the Group recognized the losses on inventory valuation and obsolescence as cost of goods sold amounting to \$3,909 thousand and \$15,731 thousand, respectively.

As of March 31, 2022, December 31, 2021, and March 31, 2021, the Group did not provide any inventories as collateral.

(e) Non current financial assets at amortized cost

	March 31, 2022	December 31, 2021	March 31, 2021
Restricted bank deposit	\$ 1,295,162	1,264,067	1,129,322

In June, 2021 and May and July, 2020, the Group applied to IRS for the application of “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” (hereinafter referred to as the “Act”), and the remittance was approved within one month. According to the Act, the funds need to be deposited in a special-purpose account for five years, and 5% of the funds can be used without restriction, 25% can be used on financial investment, and 70%, at least, can be used for substantive investment; Otherwise, the funds can only be redeemed within 3 consecutive years on average after the five years maturity. Please refer to note 6(b) for financial assets.

(f) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group for the years ended March 31, 2022 and 2021, were as follows.

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Office and other equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost or deemed cost:						
Balance on January 1, 2022	\$ 179,672	1,065,232	1,846,008	464,528	114,685	3,670,125
Additions	-	4,458	10,842	1,455	22,636	39,391
Reclassifications	-	2,741	468	852	(4,061)	-
Disposals	-	-	(2,314)	(241)	-	(2,555)
Effect of movements in exchange rates	-	31,282	67,954	17,175	4,412	120,823
Balance on March 31, 2022	<u>\$ 179,672</u>	<u>1,103,713</u>	<u>1,922,958</u>	<u>483,769</u>	<u>137,672</u>	<u>3,827,784</u>
Balance on January 1, 2021	\$ 179,672	1,048,926	1,955,334	479,442	56,056	3,719,430
Additions	-	247	20,806	3,748	22,377	47,178
Reclassifications	-	974	789	486	(2,249)	-
Disposals	-	-	(94,726)	(3,893)	-	(98,619)
Effect of movements in exchange rates	-	(5,054)	(5,272)	(3,307)	10,573	(3,060)
Balance on March 31, 2021	<u>\$ 179,672</u>	<u>1,045,093</u>	<u>1,876,931</u>	<u>476,476</u>	<u>86,757</u>	<u>3,664,929</u>
Depreciation and impairments loss:						
Balance on January 1, 2022	\$ -	488,757	1,398,990	395,934	-	2,283,681
Depreciation for the period	-	9,985	30,113	7,995	-	48,093
Disposals	-	-	(1,800)	(178)	-	(1,978)
Effect of movements in exchange rates	-	14,324	51,879	14,792	-	80,995
Balance on March 31, 2022	<u>\$ -</u>	<u>513,066</u>	<u>1,479,182</u>	<u>418,543</u>	<u>-</u>	<u>2,410,791</u>
Balance on January 1, 2021	\$ -	453,394	1,435,367	386,140	-	2,274,901
Depreciation for the period	-	10,345	29,695	11,137	-	51,177
Disposals	-	-	(85,114)	(3,621)	-	(88,735)
Effect of movements in exchange rates	-	(2,193)	16,654	(2,707)	-	11,754
Balance on March 31, 2021	<u>\$ -</u>	<u>461,546</u>	<u>1,396,602</u>	<u>390,949</u>	<u>-</u>	<u>2,249,097</u>
Carrying amounts:						
Balance on March 31, 2022	<u>\$ 179,672</u>	<u>590,647</u>	<u>443,776</u>	<u>65,226</u>	<u>137,672</u>	<u>1,416,993</u>
Balance on January 1, 2022	<u>\$ 179,672</u>	<u>576,475</u>	<u>447,018</u>	<u>68,594</u>	<u>114,685</u>	<u>1,386,444</u>
Balance on March 31, 2021	<u>\$ 179,672</u>	<u>583,547</u>	<u>480,329</u>	<u>85,527</u>	<u>86,757</u>	<u>1,415,832</u>

As of March 31, 2022, December 31, 2021 and March 31, 2021, the property, plant and equipment of the Group had not been pledged as collateral.

(g) Right-of-use assets

The Group leases many assets including land and buildings, vehicles and machinery equipment. Information about leases for which the Group as a lessee were presented below

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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	Buildings and structures	Machinery and equipment	Transporta tion equipment	Total
Carrying amount:				
Balance on March 31, 2022	<u>\$ 20,968</u>	-	<u>9,663</u>	<u>30,631</u>
Balance on December 31 2021	<u>\$ 26,950</u>	-	<u>10,658</u>	<u>37,608</u>
Balance on March 31, 2021	<u>\$ 54,808</u>	<u>3,518</u>	<u>672</u>	<u>58,998</u>

The amounts of depreciation expense for the three months ended March 31, 2022 and 2021 were \$7,831 thousand and \$10,277 thousand, respectively.

(h) Short-term borrowings

The details were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Secured loan	\$ 22,000	44,000	45,000
Credit loans, no pledge	1,761,750	1,693,760	734,140
Total	<u>\$ 1,783,750</u>	<u>1,737,760</u>	<u>779,140</u>
Interest rate range	<u>0.37%~0.95%</u>	<u>0.4~0.83%</u>	<u>0.4%~0.89%</u>

For the collateral for short term borrowings, please refer to note 8.

(i) Short-term notes and bills payable

The details were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Commercial paper payable	\$ 50,000	100,000	150,000
Less: Discount on short-term notes and bills payable	(9)	(29)	(10)
Total	<u>\$ 49,991</u>	<u>99,971</u>	<u>149,990</u>
Interest rate range	<u>0.52%</u>	<u>0.59%</u>	<u>0.49%</u>

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(j) Long-term borrowings

The details were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured loans	<u>\$ 1,150,000</u>	<u>1,150,000</u>	<u>1,250,000</u>
Interest rate range	<u>0.95%~1.215%</u>	<u>0.92%~0.96%</u>	<u>0.93%~0.96%</u>

(k) Lease liabilities

The details were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Lease liabilities - Current	<u>\$ 25,217</u>	<u>31,228</u>	<u>36,383</u>
Lease liabilities -Non-current	<u>\$ 5,717</u>	<u>6,713</u>	<u>23,020</u>

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss were as follows:

	For the three months end March 31,	
	2022	2021
Interests of lease liabilities	<u>\$ 99</u>	<u>193</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 194</u>	<u>185</u>

The amounts recognized in the statement of cash flows were as follows:

	For the three months end March 31,	
	2022	2021
Total cash out flow of lease	<u>\$ 8,166</u>	<u>10,817</u>

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(l) Employee benefits

The pension costs incurred from the contributions to the Labor Insurance were as follows:

	For the three months ended March 31,	
	2022	2021
Operating Costs	\$ 9,251	8,485
Operating Expenses	2,325	2,172
Total	<u>\$ 11,576</u>	<u>10,657</u>

(m) Income tax

- (i) The amounts of tax expense for the three months ended March 31, 2022 and 2021 were \$48,344 thousand and \$125,932 thousand, respectively.
- (ii) The amount of income tax expense under other comprehensive income for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31,	
	2022	2021
Exchange differences on translation of foreign financial statements	<u>\$ 35,464</u>	<u>(6,855)</u>

- (iii) The Company and NISHOKU BOUEKI income tax returns have been examined by the tax authority through the years up to 2020, respectively.

(n) Capital and other equity

In addition to the following, there is no material change in capital and other equity of the Group for the three months ended March 31, 2022 and 2021. For the related information, please refer to Note 6(n) of the consolidated financial statements for the year ended December 31, 2021.

(i) Issuance of capital stock

The Company issued 5 thousand and 70 thousand shares with par share for the exercise of employee stock options for the three months ended March 31, 2022 and 2021, whose legal registration procedure are unfinished, the amount of advance receipts for ordinary share is \$ 308 thousand and \$ 4,655 thousand.

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(ii) Capital surplus

The balances of capital surplus as of March 31, 2022 and December 31, 2021, and March 31, 2021 were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Additional paid-capital	\$ 970,593	970,593	960,962
Employee share options	10,892	10,892	10,646
Total	\$ 981,485	981,485	971,608

The Board of directors' meeting held on April 28, 2022 proposes to distribute cash from additional paid-in capital of \$31,338 thousand.

(iii) Retained earnings

The Group's article of incorporation stipulate that, when allocating the profit for each fiscal year, the Company shall first offset its losses in previous years. Of the remaining profit, 10% is to be appropriated as legal reserve, until the accumulated legal reserve equals the Company's paid in capital. Aside from the aforesaid legal reserve, the Company shall appropriate or reverse another sum as special earnings reserve in accordance with relevant laws or regulations or requested by the authorities in charge. The remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

According to the amendment of the of Article 240 and Article 241 of the ROC Company Act, the Company authorized the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The dividend to be distributed shall be no less than 10% of the current year retained earnings available for distribution only if the current year retained earnings available for distribution does not reach \$0.5 per share, the Company may decide not to distribute dividend. The dividend to be distributed may be in the form of cash and stock, and cash dividend in the distribution should not be less than 30%.

Earnings distribution for 2021 and 2020 were decided via board of directors' meeting held on April 28, 2022, and approved by the general meeting of shareholders on Aug 12, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Payout per share	Amount	Payout per share	Amount
Dividend to shareholders:				
Cash	\$ 8.5	532,748	10	625,612

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(o) Share-based payment

For the three months ended March 31, 2022 and 2021, there were no significant changes in share-based payment except for the following: (Please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2021 for other related information).

(i) Information about the Company's outstanding employee stock options were described as follows:

	Three months ended March 31, 2022		Three months ended March 31, 2021	
	Weighted- average Exercise Price(NT\$)	Number of Stock Options	Weighted- average Exercise Price(NT\$)	Number of Stock Options
Outstanding at beginning of the period	\$ 61.60(note)	5	66.50(note)	235
Options granted	-	-	-	-
Options forfeited	-	-	-	(50)
Options exercised	61.60	<u>(5)</u>	66.50	<u>(70)</u>
Outstanding at end of the period	-	<u>-</u>	66.50(note)	<u>115</u>
Exercisable at end of the period		<u>-</u>		<u>35</u>
The weighted average price of the stock options		<u>\$ 18.15</u>		<u>18.15</u>

(Note) The Company adjusted the exercise price of stock options according to its requirements for issuance stock options.

The details of the stock options of the Group were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Weighted average of remaining contractual period (years)	0	0.57	1.32

(ii) The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information was as follows:

	2017 employee stock option
Exercise price (in dollars)	81.80
Stock price of grant date (in dollars)	81.80
Expected dividends	-%
Expected price volatility	26.78%~27.89%
Risk-free interest rate	0.67%~0.73%
Exercise option life	5 years

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(iii) For the years ended March 31, 2022 and 2021, the expenses attributable to share based payment amounted to \$0 thousand and \$183 thousand, respectively.

(p) Earnings per share

The calculation of basic earnings per share for the three months ended March 31, 2022 and 2021 were calculated as follows:

Basic earnings (loss) per share:	For the three months ended March 31,	
	2022	2021
	Profit attributable to ordinary shareholders of the Company	\$ 142,948
Weighted-average number of ordinary shares (thousand shares)	62,671	62,460
Basic earnings per share (NTD)	\$ 2.28	3.49

Diluted earnings per share:	For the three months ended March 31,	
	2022	2021
	Profit attributable to ordinary shareholders of the Company	\$ 142,948
Weighted-average number of ordinary shares (thousand shares)	62,671	62,460
Effect of employee stock bonus	380	233
Weighted average number of ordinary shares (diluted) (thousand shares)	63,051	62,693
Diluted earnings per share (NTD)	\$ 2.27	3.48

(q) Revenue from contracts with customers

(i) Details of revenue

<u>Primary geographical markets</u>	For the three months ended March 31,	
	2022	2021
	United States	\$ 429,609
Asia	101,702	98,559
Euro	407,681	956,003
	\$ 938,992	\$ 1,404,291

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<u>Primary productions</u>	For the three months ended March 31,	
	2022	2021
	Plastic injection mold	\$ 875,782
Tooling mold	62,723	111,064
Others	487	117
	\$ 938,992	\$ 1,404,291

(ii) Contract balances

For details on accounts receivable, please refer to note 6 (c).

	2022.3.31	2021.12.31	2021.3.31
Contract liabilities	\$ 33,975	27,586	56,698

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the months ended March 31, 2022 and 2021, which was included in the contract liability balance at the beginning of the period, was \$7,289 thousand and \$51,775 thousand, respectively.

(r) Employee, board of directors', and supervisors' compensation

In accordance with the Articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and not exceed 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the months ended March 31, 2022 and 2021, the Company estimated its employee remuneration amounting to \$6,750 thousand, and directors' remuneration amounting to \$2,295 thousand and \$2,550 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as specified in the Company's articles. These remunerations were recognized as operating costs or operating expense. If the actual amount of the annual distribution and the estimated amount of differences, according to the changes in accounting estimates, and the difference recognized as the next year annual profit (loss). Such as the resolution of the board of directors to take the stock of employee compensation, the numbers of shares to be distributed would be calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors, please refer to Market Observation Post System for further information.

For the year ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$27,000 thousand and \$30,000 thousand, respectively, and directors' and supervisors' remuneration amounting to \$10,200 thousand and \$11,705 thousand respectively. There is no difference in the actual distribution situation, please refer to Market Observation Post System for further information.

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(s) Other revenue

The other revenue for the three months ended March 31, 2022 and 2021 were as follows:

	For the three-months ended March 31,	
	2022	2021
Interest income	\$ 4,798	\$ 6,022
Others	549	6,758
Total other income	\$ 5,347	\$ 12,780

(t) Other gains and losses

The other gains and losses for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31,	
	2022	2021
Foreign currency exchange gains , net	\$ 86,036	23,671
Losses on valuation of financial assets	(9,304)	(1,939)
Gains on disposal of property, plant and equipment	(43)	4,966
Others	(10)	(164)
Net gains and losses	\$ 76,679	26,534

(u) Financial Instruments

In addition to the following, there is no material change in financial instruments of the Group. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk

1) Credit risk exposure

As of March 31, 2022 and 2021, the Group's maximum exposure to credit risk was mainly from the carrying amount of financial assets recognized in the consolidated statements of financial position and amounted to \$7,146,042 thousand and \$6,597,899 thousand, respectively. The Groups had deposited these bank deposits in different financial institutions, and the Group believes that there is no significant credit risk from the above mentioned financial institutions.

2) Concentration of credit risk

The credit risk exposure of the Group comes from the credit of individual customers, and the industry of the customer also have effect on credit risk. For the years ended March 31, 2022 and 2021, sales to the individual customers whose revenue constituting over 10% of net

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revenue are 53% and 49% of total revenues respectively. As of March 31, 2022 and 2021, 49% and 43%, respectively, of accounts receivable were for those customers.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	within 1 year	1-2 years
March 31, 2022				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,783,750	1,785,166	1,785,166	-
Short-term notes and bills payable	49,991	50,000	50,000	-
Long-term borrowings	1,150,000	1,170,637	13,148	1,157,489
Notes and accounts payable	547,012	547,012	547,012	-
Lease liabilities	30,934	30,934	25,217	5,717
Other financial liabilities	43,412	43,412	43,412	-
	<u>\$ 3,605,099</u>	<u>3,627,161</u>	<u>2,463,955</u>	<u>1,163,206</u>
December 31, 2021				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,737,760	1,739,215	1,739,215	-
Short-term notes and bills payable	99,971	100,000	100,000	-
Long-term borrowings	1,150,000	1,169,644	10,805	1,158,839
Notes and accounts payable	588,508	588,508	588,508	-
Lease liabilities	37,941	37,941	31,228	6,713
Other financial liabilities	51,986	51,986	51,986	-
	<u>\$ 3,666,166</u>	<u>3,687,294</u>	<u>2,521,742</u>	<u>1,165,552</u>
March 31, 2021				
Non-derivative financial liabilities				
Short-term borrowings	\$ 779,140	780,021	780,021	-
Short-term notes and bills payable	149,990	150,000	150,000	-
Long-term borrowings	1,250,000	1,269,429	11,930	1,257,499
Non-interest bearing liabilities				
Notes and accounts payable	775,264	775,264	775,264	-
Lease liability	59,403	59,403	36,383	23,020
Other financial liabilities	53,620	53,620	53,620	-
	<u>\$ 3,067,417</u>	<u>3,087,737</u>	<u>1,807,218</u>	<u>1,280,519</u>

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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(iii) Market risk

1) Exchange rate risk

The Group significant exposure to foreign currency risk on financial assets and liabilities was as follows:

	March 31, 2022			December 31, 2021			March 31, 2021			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>										
<u>Monetary Items</u>										
USD	\$	155,734	28.625	4,457,889	156,910	27.680	4,343,257	157,822	28.535	4,503,441
CNY		33	4.506	149	84	4.344	363	1,552	4.344	6,742
EUR		522	31.92	16,675	387	31.32	12,106	258	33.48	8,630
<u>Financial liabilities</u>										
<u>Monetary Items</u>										
USD		4,591	28.625	131,408	6,166	27.680	170,677	7,562	28.535	215,771

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables, financial assets carried at amortized cost, accounts payable and other payables that are denominated in foreign currency.

A weakening (strengthening) of 1% of the NTD against the USD and CNY at March 31, 2022 and 2021, would have increased or decreased the net profit before tax by \$43,433 thousand and \$43,030 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2022 and 2021, foreign exchange gain (including realized and unrealized portions) amounted to \$86,036 thousand and \$23,671 thousand, respectively.

2) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by \$163 thousand and \$613 thousand for the three months ended March 31, 2022 and 2021, respectively,

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assuming all other variable factors were constant. This mainly resulted from borrowings and bank deposits at variable interest rates.

(iv) Fair value of financial instruments

1) Fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	March 31, 2022				
	Carrying amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets at fair value through profit or loss-current	<u>\$ 466,145</u>	<u>38,115</u>	<u>-</u>	<u>428,030</u>	<u>466,145</u>
Non derivative financial assets at fair value through profit or loss-non-current	<u>\$ 202,682</u>	<u>202,682</u>	<u>-</u>	<u>-</u>	<u>202,682</u>
Financial assets carried at amortized cost					
Cash and cash equivalents	\$ 3,957,440				
Notes and accounts receivable, net	1,193,277				
Other financial assets-current	2,711				
Refundable deposits	11,717				
current financial assets measured at amortized cost	28,625				
Non-current financial assets measured at amortized cost	<u>1,295,162</u>				
	<u>\$ 6,488,932</u>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 2,933,750				
Short-term notes and bills payable	49,991				
Notes and accounts payable	547,012				
Lease liability	30,934				
Other payable	<u>43,412</u>				
	<u>\$ 3,605,099</u>				

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		December 31, 2021			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets at fair value through profit or loss-current	<u>\$ 104,006</u>	<u>38,861</u>	<u>-</u>	<u>65,145</u>	<u>104,006</u>
Non derivative financial assets at fair value through profit or loss-non-current	<u>\$ 197,419</u>	<u>197,419</u>	<u>-</u>	<u>-</u>	<u>197,419</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 3,999,433				
Notes and accounts receivable, net	1,352,595				
Other financial assets-current	1,023				
Refundable deposits	12,375				
current financial assets measured at amortized cost	55,360				
Non-current financial assets measured at amortized cost	<u>1,264,067</u>				
	<u>\$ 6,684,853</u>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 2,887,760				
Short-term notes and bills payable	99,971				
Notes and accounts payable	588,508				
Lease liability	37,941				
Other payable	<u>51,986</u>				
	<u>\$ 3,666,166</u>				
		March 31, 2021			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets at fair value through profit or loss-current	<u>\$ 656,573</u>	<u>48,549</u>	<u>-</u>	<u>608,024</u>	<u>656,573</u>
Non-derivative financial assets at fair value through profit or loss-non-current	<u>\$ 124,335</u>	<u>124,335</u>	<u>-</u>	<u>-</u>	<u>124,335</u>
Financial liabilities carried at amortized cost					
Cash and cash equivalents	\$ 3,050,461				
Notes and accounts receivable, net	1,579,278				
Other financial assets-current	860				
Refundable deposits	16,855				
current financial assets measured at amortized cost	57,070				
Non-current financial assets measured at amortized cost	<u>1,129,322</u>				
	<u>\$ 5,833,846</u>				

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	Carrying amounts	March 31, 2021			
		Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 2,029,140				
Short-term notes and bills payable	149,990				
Notes and accounts payable	775,264				
Lease liability	59,403				
Other payable	53,620				
	\$ 3,067,417				

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Reconciliation of Level 3 fair values

The following table shows a reconciliation of the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

	At fair value through profit or loss	
	For the three months	
	ended March 31,	
	2022	2021
Opening Balance	\$ 65,145	\$ 612,833
Recognized in profit or loss	2,439	2,723
Purchase	360,446	130,291
Disposal		(137,823)
Ending balance	\$ 428,030	\$ 608,024

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The aforementioned total gains and losses were recognized in “other revenue”.

There have been no transfers from each level for the three months ended March 31, 2022 and 2021.

- 4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value are “ financial assets measured at fair value through profit or loss – principal guaranteed financial instrument” and derivative financial assets. The financial assets’ fair value are using the prior transaction price before adjustments or third-party pricing information. The unobservable inputs are not set up as the Group measures fair value, so the quantified information of significant unobservable inputs are not disclosed.

- (v) Financial risk management

The Group’s risk management policies are no material change in financial instruments of the Group for the three months ended March 31, 2022 and 2021. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2021.

- (w) Capital management

As of March 31, 2022, there were no changes in the Group’s approach to capital management. For the related information, please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2021.

- (x) Investing and financing activities not affecting current cash flow

The Group’s investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2022 and 2021, were as follows:

- (i) For acquisition of right-of-use assets, please refer to note 6(g).
(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1,2022	Cash flows	Foreign exchange movement and others	March 31,2022
Short term borrowings	\$ 1,737,760	45,990	-	1,783,750
Short-term notes and bills payable	99,971	(50,000)	20	49,991
Long term borrowings	1,150,000	-	-	1,150,000
Lease liability	37,941	(7,972)	965	30,934
Total liabilities from financing activities	\$ 3,025,672	(11,982)	985	3,014,675

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	January 1,2021	Cash flows	Foreign exchange movement and others	March 31,2021
Short term borrowings	\$ 988,920	(209,780)	-	779,140
Short-term notes and bills payable	-	150,000	(10)	149,990
Long term borrowings	1,200,000	50,000	-	1,250,000
Lease liability	70,115	(10,439)	(273)	59,403
Total liabilities from financing activities	<u>\$ 2,259,035</u>	<u>(20,219)</u>	<u>(283)</u>	<u>2,238,533</u>

(7) Related-party transactions:

(a) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2022	2021
Short-term employee benefits	\$ 12,312	\$ 10,874
Termination benefits	81	81
	<u>\$ 12,393</u>	<u>\$ 10,955</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2022	December 31, 2021	March 31, 2021
Demand deposits (classified under other current financial assets)	Short-term borrowings	\$ 28,625	55,360	57,070
Demand deposits (classified under other current assets / other current	Performance bond	1,763	1,704	-

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Pledged assets	Object	March 31, 2022	December 31, 2021	March 31, 2021
financial assets)				
Demand deposits (classified under other current financial assets)	Guarantee for carbon emission	26	25	25
		\$ 30,414	57,089	57,095

(9) Significant Commitments and contingencies:

- (a) The aggregate unpaid amounts of contracts pertaining to the purchase of plant and equipment were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Acquisition of property, plant and equipment	\$ 55,593	79,739	48,365

- (b) For the necessary to bank loan and operating capital, the Company and its subsidiaries provide guarantee and endorsement for other parties were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Outstanding guarantee notes	\$ 1,352,400	1,360,064	1,090,190
Actual usage amount	\$ 171,750	193,760	134,140

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

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(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	Three months ended March 31,					
		2022			2021		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses							
Salaries		195,017	48,569	243,586	224,961	49,411	274,372
Labor and health insurance		6,277	2,825	9,102	5,936	2,866	8,802
Pension		9,251	2,325	11,576	8,485	2,172	10,657
Others		5,894	7,955	13,849	5,575	9,887	15,462
Depreciation							
		42,457	13,467	55,924	48,034	13,420	61,454
Amortization							
		793	752	1,545	834	794	1,628

(13) Other disclosures:

- (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- (i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Actual usage amount during the period	Interest rate	Nature of financing	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
0	The Company	NISHOKU VIETNAM	Other accounts receivable	Yes	286,250	286,250	257,625	0.63-0.72%	Necessary to loan other parties	-	Operating capital	-	-	-	470,081 (Note 1)	1,880,324 (Note 1)

Note 1: The individual amount and the total amount for lending to a company shall not exceed 10% and 40% of the lending company’s net worth in the latest financial statement, respectively. The Company for lending to the Company directly or indirectly holds 100% of their shares, with the loan amount not limited and the total amounts not exceeding the lending company’s net worth in the last financial statement.

Note 2: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

- (ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 3)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	NISHOKU VIETNAM	2	4,700,811	1,225,150	1,225,150	171,750	-	26.06%	4,700,811	Y	N	N
#	#	NISHOKU BOUEKI	2	4,700,811	175,650	127,250	-	-	2.71%	4,700,811	#	#	#

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Note 1: The amount and the total amount of the guarantee to a company shall not exceed 30% and 100%, respectively, of the Company net worth in the latest financial statements.
The total amount of the guarantee that the Company and its subsidiaries to a company shall not exceed 100%, of the Company's net worth in the latest financial statement.
The Company directly or indirectly holds 100% of their shares, the guarantee amounts not limited by the Company's net worth in the latest financial statement.

Note 2: The relationship of guarantor and endorsements to related parties were as follows:

- 1) Business relationship between the Company
- 2) The Company directly or indirectly holds over 50% of subsidiaries' shares;
- 3) The parent company and its subsidiaries hold over 50% of investees' shares;
- 4) A subsidiary jointed owned over 50% by the Company and the Company's directly-owned subsidiary.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(iii) Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Ending balance			Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	
The Company	Nomura Global Financial Bond Fund Accumulate	None	Financial assets at fair value through profit or loss-current		7,921	- %	7,921
"	JPMorgan Investment Funds-Global High Yield Bond Fund	"	"		8,277	-%	8,277
"	ABITL Income Multi-asset Income Fund of Funds A2	"	"		5,469	-%	5,469
"	BGF ESG Multi-Asset Fund	"	"		11,132	-%	11,132
NISHOKU BOUEKI	PineBridge Preferred Securities Income Fund	"	"		5,316	-%	5,316
NISHOKU SHENZHEN	Fixed income financial instruments	"	"		67,584	-%	67,584
NISHOKU SHENZHEN	Fixed income financial instruments	"	"		135,167	-%	135,167
NISHOKU KUNSHAN	Fixed income financial instruments	"	"		225,279	-%	225,279
NISHOKU PLASTIC							
The Company	Allianz Global Investors Income and Growth Fund	"	Financial assets at fair value through profit or loss-non current		43,716	-%	43,716
"	PineBridge Global ESG Quantitative Bond Fund	"	"		44,502	-%	44,502
"	PineBridge Global Multi-Strategy High Yield Bond Fund	"	"		36,557	-%	36,557
"	Nomura Global Financial Bond Fund	"	"		21,185	-%	21,185
"	FSITC GLOBAL HIGH YIELD BOND FUND	"	"		11,834	-%	11,834
"	ABITL Income Fund -Multi Asset Income Fund of Funds N	"	"		20,410	-%	20,410
"	Allianz Global Investors Income and Growth Fund	"	"		24,478	-%	24,478

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- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount	
NISHOKU SHENZHEN	Fixed income financial instruments	Financial assets at fair value through profit or loss-current	National Trust	None	-	-	-	135,167	-	-	-	-	-	-	135,167
KUNSHAN NISHOKU PLASTIC	Fixed income financial instruments	Financial assets at fair value through profit or loss-current	National Trust	None	-	-	-	225,279	-	-	-	-	-	-	225,279

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Company name	Related party	Nature of relationships	Transaction Details				Abnormal Transaction		Notes/ Trade (Payables) or Receivables		Note
			Purchase/Sale	Amount	Percentage of the purchases (sales) (%)	Payment terms	Unit price	Payment terms	Ending balance	% of total notes/accounts receivable (payable)	
The Company	KUNSHAN NISHOKU PLASTIC	Associate	(Sales)	(142,311)	(54)%	(Note1)	(Note1)	(Note1)	146,076	58%	(Note 2)
KUNSHAN NISHOKU PLASTIC	The Company	"	Purchase	142,311	40%	"	"	"	(146,076)	(25)%	"

Note 1: Payment term given to related parties and third parties were 90 days and 60 to 120 days, respectively. In addition, the Company did not buy same product from third part, so the purchase price can not be compared.

Note 2: The subsidiaries did not purchase or sale same product from third parties, so the purchase (sale) price can not be compared. In addition, the receipt terms of related parties were not significant different to third parties.

Note 3: Transactions within the Group were eliminated in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	KUNSHAN NISHOKU PLASTIC	Subsidiary	146,076	3.36	-	-	80,718	-

Note 1: Until April 26, 2022.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements

- (ix) Trading in derivative instruments: None.

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(x) Business relationships and significant intercompany transactions:

The following is the information for the three months ended March 31, 2022.

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	SAME START (Anguilla)	1	Purchase	52,706	Note 3	6%
"	"	"	1	Account Payable	53,200	"	1%
"	"	KUNSHAN NISHOKU	1	Sales	142,311	"	15%
"	"	"	1	Account receivable	146,076	"	2%
"	"	NISHOKU VIETNAM	1	Sales	36,688	"	4%
"	"	"	1	Account receivable	37,719	"	-%
"	"	"	1	Other receivables	257,625	Loans	3%
2	SAME START (Anguilla)	KUNSHAN NISHOKU	3	Purchase	57,523	Note 3	6%
"	"	"	3	Account Payable	58,820	"	1%
"	"	NISHOKU VIETNAM	3	Sales	11,829	"	1%
"	"	"	3	Account receivable	13,561	"	-%

Note 1: "0" represents the parent company, and the others represent the subsidiaries.

Note 2: "1" represents the transactions from parent company to subsidiary.

"2" represents the transactions from subsidiary to parent company.

"3" represents the transactions between subsidiaries.

Note 3: The trading price and product that purchase or sale from related parties that did not purchase or sale from third parties, so can not be compared. The payments terms were 90 days for related parties.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	SUN NICE (SAMOA)	SAMOA	Holding	1,096,194	1,096,194	34,468	100%	4,776,880	65,777	65,777	
"	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	6,300	100%	110,132	3,743	3,743	
"	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	508,434 (USD 16,500 thousands)	508,434 (USD 16,500 thousands)	-	100%	136,897	(2,137)	(2,060)	

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	-	-	-	100%	(30,292)	(386)	1,861	
"	NISHOKU HK	HK	Holding	1,800,361 (USD 57,915 thousands)	1,800,361 (USD 57,915 thousands)	62,298	100%	3,822,588	42,357	42,357	
"	SUNNICE (BVI)	BVI	"	585,292 (USD 17,948 thousands)	585,292 (USD 17,948 thousands)	15,697	100%	1,041,073	21,601	21,601	

(c) Information on investment in Mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
NISHOKU SHENZHEN	Manufacture and sale of mold and plastic products	USD11,288 thousands	Indirect investment through third area	703,870 (USD22,939 thousands)	-	-	703,870 (USD22,939 thousands)	(12,047)	100%	(12,047)	846,796	475,841
KUNSHAN NISHOKU PLASTIC	Manufacture and sale of mold and plastic products	USD53,310 thousands	"	1,674,270 (USD52,524 thousands)	-	-	1,674,270 (USD52,524 thousands)	76,051	100%	76,051	3,643,357	675,359

- (ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,378,140	2,378,140	(Note 2)

Note 1: The above investment income (loss) in mainland China was based on financial statements audited by the Company's auditors.

Note 2: The Company has received the certificate issue by the Industrial Development Bureau, Ministry of Economic Affairs, allowing it to start operating of its headquarters.

Note 3: Above investment amount within the Group were eliminated in the consolidated financial statements.

- (iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" and "Business relationships and significant intercompany transactions".

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(d) Major shareholders :

Shareholding	Shares	Percentage
Shareholder's Name		
Yi feng Investment Limited	4,736,000	7.55%
Ji Teng Investment Limited	4,500,000	7.17%
Yun Ding Investment Limited	4,050,000	6.46%
CTBC Bank Trusted Custody investment account Gold Talent Co., Ltd.	3,897,856	6.21%
Jin Hong Investment Limited	3,600,000	5.74%

(14) Segment information:

The Group's identifies its operating segments based on decision of the chief operating decision marker (CODM). The Group's operating segments are in United States, Asia and Europe, etc. Those operating segments are reportable segments. The Revenue from manufacture and supply electronic parts to clients. Since the strategy of each segment is different, it is necessary to separate them for management.

The operating segment's profit or loss is measured by net operating income, and as the basis of performance evaluation. The operating segment accounting policies are similar to those described in note 4 "significant accounting policies". The Group regards sales and transfers between operating segments as transactions with third parties.

The Group's product revenues from geographical clients were as follows:

	Three months ended March 31, 2022				
	United States	Asia	Europe	Elimination	Total
Revenue from					
external customers	\$ 429,609	101,702	407,681	-	938,992
Reportable segment					
profit or loss	\$ 86,046	108	29,442	-	115,596
	Three months ended March 31, 2021				
	United States	Asia	Europe	Elimination	Total
Revenue from					
external customers	\$ 349,729	98,559	956,003	-	1,404,291
Reportable segment					
profit or loss	\$ 120,772	5,714	183,089	-	309,575